

Message Text

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ACTION EA-12

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FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 8903
INFO AMEMBASSY BANGKOK
AMCONSUL HONG KONG
AMEMBASSY MOSCOW
AMEMBASSY PARIS
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AMEMBASSY TAIPEI
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E.O. 11652: NA
TAGS: ETRD, EAID, EINV, VM, JA
SUBJECT: JAPANESE ECONOMIC MISSIONS VISIT VIETNAM

REF: (A) TOKYO 9133, (B) TOKYO 8035

1. SUMMARY. TWO JAPANESE ECONOMIC MISSIONS VISITED VIETNAM TOWARD END OF MAY TO CONFER ON TRADE PROMOTION AS WELL AS ON ECONOMIC AND TECHNICAL COOPERATION IN VARIOUS VIETNAMESE DEVELOPMENT PROJECTS. ALTHOUGH JAPANESE HAVE MADE POINT OF DISPLAYING FORTHCOMING ATTITUDE TOWARD VIETNAM SINCE SETTLEMENT OF DEBT PROBLEM LATE APRIL, VIETNAM HAS MADE NO CONCRETE RESPONSE YET TO JAPANESE INITIATIVES. RESULTS OF THESE MISSIONS ARE LIKELY TO BECOME EVIDENT ONLY GRADUALLY OVER COMING MONTHS. END SUMMARY.

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2. KEIDANREN MISSION, LED BY TATSUZO MIZUKAMI, CHAIRMAN OF KEIDANREN'S COMMITTEE ON FOREIGN TRADE, RETURNED HOME MAY 27 AFTER SIX-DAY VISIT TO HANOI (REF A). ON HIS RETURN, MIZUKAMI REPORTEDLY ADVISED PRIME MINISTER FUKUDA, FOREIGN MINISTER SONODA, AND MITI MINISTER KOMOTO TO PROMOTE FURTHER ECONOMIC EXCHANGE WITH VIETNAM.

3. IN MAY 29 PRESS CONFERENCE MIZUKAMI OFFERED FOLLOWING OBSERVATIONS:

- A) BOTH SIDES HAD AGREED IT WOULD BE DESIRABLE TO HAVE PERIODIC ECONOMIC CONSULTATIONS, AND TO ESTABLISH STANDING ORGANIZATION ON EACH SIDE FOR THIS PURPOSE. MIZUKAMI HOPED VIETNAMESE MISSION WOULD VISIT JAPAN BY END OF THIS YEAR TO DEAL WITH ECONOMIC MATTERS NOW PENDING BETWEEN TWO COUNTRIES.

- B) IN CONNECTION WITH VIETNAM'S FIVE-YEAR ECONOMIC PLAN BEGINNING IN 1976, VIETNAMESE EXPRESSED STRONG INTEREST IN POSSIBLE JAPANESE ASSISTANCE TO DEVELOPMENT PROJECTS IN AGRICULTURE, FORESTRY, FISHERY, COAL AND OIL; MANUFACTURING PROJECTS FOR HOUSEHOLD ARTICLES AND AGRICULTURAL MACHINES; INFRASTRUCTURE INCLUDING PORT FACILITIES; AND CONSTRUCTION OF SATELLITE COMMUNICATIONS FACILITIES.

- C) VIETNAMESE HAD DISPLAYED FLEXIBLE ATTITUDE TOWARD ENTRY OF CAPITAL FROM INDUSTRIALIZED COUNTRIES; MISSION RECEIVED IMPRESSION THAT OPPORTUNITY EXISTED FOR ESTABLISHMENT OF JOINT VENTURES.

- D) AMONG WESTERN ADVANCED NATIONS FRANCE HAS LIMITED OFFICIAL USE

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CLOSEST RELATIONS WITH VIETNAM, FOLLOWED BY SWEDEN AND NORWAY. VIETNAM IS DEVELOPING COOPERATIVE RELATIONS WITH SOVIET UNION AS WELL, BUT APPEARS TO WANT TO MAINTAIN A CERTAIN DISTANCE FROM SOVIETS. AS FOR U.S., MIZUKAMI THOUGHT THAT IF U.S. OFFERED ECONOMIC CO-OPERATION, VIETNAM WOULD NOT REJECT IT.

- E) RELATIONS WITH CHINA HAD BECOME TENSE AS RESULT OF PROBLEM OF CHINESE RESIDENTS IN VIETNAM; HOWEVER, VIETNAMESE OFFICIAL HAD STATED THAT THIS WOULD NOT BECOME MAJOR ISSUE BETWEEN TWO COUNTRIES.

3. MIZUKAMI ADDED FOLLOWING COMMENTS IN INTERVIEW WITH MAINICHI SHIMBUN PUBLISHED JUNE 1:

- A) KOKUSAI DENSHIN DENWA (JAPAN'S INTERNATIONAL TELEGRAPH AND TELEPHONE PUBLIC CORPORATION, KDD), DIRECTOR OF WHICH, KENICHI MIYA, PARTICIPATED IN MISSION, HOPED CONSTRUCT SATELLITE COMMUNICATIONS FACILITIES IN VIETNAM. (COMMENT: KDD REPORTEDLY MADE PROPOSAL DURING VISIT FOR CONSTRUCTION OF SUCH FACILITIES. MIYA SAID THAT IF INITIAL VIETNAMESE

RESPONSE WAS FAVORABLE, KDD WOULD INVITE VIETNAMESE
TECHNICIANS TO INSPECT EXISTING SATELLITE COMMUNICATION
FACILITIES IN JAPAN.)

- B) NIHON KOEI, A LEADING JAPANESE CONSULTING
ENGINEERING FIRM (WHOSE PRESIDENT, KIKUO IKEDA, ALSO
WAS MISSION MEMBER) EXPECTS TO TAKE PART IN EXPANSION
OF DA NHIM DAM. (COMMENT: NIHON KOEI PLANS TO REVIEW
FEASIBILITY STUDY WHICH IT CONDUCTED A FEW YEARS AGO ON
SECOND PHASE OF DA NHIM DAM EXPANSION PLAN, A 140,000
KW HYDRAULIC POWER GENERATOR WHICH WOULD BE ADDED TO

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EXISTING 160,000 KW CAPACITY FIRST PHASE, FOR WHICH
NIHON KOEI PROVIDED CONSULTING AND ENGINEERING SERVICES.
OTHER COMPANIES, SUCH AS TOKYO SHIBAURA ELECTRIC CO.,
ARE EXPECTED TO TAKE PART IN REPAIRING EXISTING POWER
PLANT.)

- C) KEIDANREN OFFICER INDICATED THAT IKEDA, WHOSE
FIRM HAS MUCH EXPERIENCE IN DEVELOPING COUNTRIES AND
IS FAMILIAR WITH JAPANESE TECHNICAL ASSISTANCE PROGRAMS,
HAD NOTED JAPANESE MIGHT BE PREPARED TO ASSIST VIETNAM
IN INCREASING RICE PRODUCTION. (COMMENT: IKEDA REPORT-
EDLY ACCOMPANIED THIS SUGGESTION WITH ACCOUNT OF TECHNICAL

RICE PRODUCTION ASSISTANCE WHICH JAPANESE ARE EXTENDING ELSEWHERE, BUT VIETNAMESE MADE NO DEFINITE RESPONSE. JAPANESE HAVE EMPHASIZED TO US THAT THIS SUGGESTION WAS COMPLETELY UNOFFICIAL; THEY ASSERT THAT NIHON KOEI DID NOT CONSULT GOJ BEFORE MAKING IT.)
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- D) ACCORDING TO MIZUKAMI, VIETNAMESE SAID THEY PLACE MAJOR EXPECTATIONS ON POSSIBLE FUTURE ROLE FOR JAPANESE INTERNATIONAL COOPERATION AGENCY, OFFICIAL TECHNICAL ASSISTANCE AGENCY OF JAPANESE GOVERNMENT, IN DEVELOPMENT OF VIETNAM.

4. SEPARATE 13-MAN MISSION, HEADED BY JETRO OFFICIAL YASUHIRO YAMADA, VISITED HANOI, HO CHI MINH CITY, AND HAIPHONG FROM MAY 22 TO JUNE 3. MISSION CONSISTED OF EIGHT PERSONS REPRESENTING TRADING FIRMS, TWO EACH FROM JETRO AND MANUFACTURING FIRMS, AND ONE TRAVEL AGENT. MISSION DISCUSSED GENERAL EXPORT AND IMPORT MATTERS, SPECIFICALLY POSSIBILITY OF EXPORT OF INDUSTRIAL PLANTS FOR MANUFACTURING STEEL AND CEMENT. MISSION ALSO DISCUSSED POSSIBLE IMPORTS FROM VIETNAM OF VARIOUS SPECIFIC ITEMS INCLUDING FISH AND LOGS AND LUMBER.

5. IN ADDITION TO FOREGOING, REPRESENTATIVES OF JAPAN'S COTTON SPINNING INDUSTRY HAVE STARTED SERIES OF DISCUSSIONS WITH VIETNAMESE OFFICIALS IN AN EFFORT TO EXPORT COTTON YARNS TO VIETNAM. TEXTIMEX, VIETNAMESE PUBLIC CORPORATION FOR TEXTILE IMPORTING AND EXPORTING, HAS REPRESENTED SRV SIDE IN THESE TALKS; JAPAN SPINNERS' ASSOCIATION AND MEIWA SANGYO, DUMMY CORPORATION ESTABLISHED BY MITSUBISHI TO DEAL WITH COMMUNIST NATIONS, ARE NEGOTIATORS ON JAPANESE SIDE. JAPANESE PARTICIPANTS HOPE TO USE PART OF JAPAN'S RECENTLY ANNOUNCED 4,000 MILLION YEN GRANT TO VIETNAM (REF B) TO FINANCE EXPORT OF SOME 8,000 BALES OF COTTON YARNS WORTH ABOUT 1,000 MILLION YEN TO VIETNAM.

6. ADDITIONAL COMMENTS:
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- A) MIZUKAMI MENTIONED IN PASSING TO MAINICHI REPORTER SITUATION OF YAMMAR DIESEL CO., MANUFACTURER OF DIESEL ENGINES FOR AGRICULTURAL AND MARINE USES.

HE SAID YAMMAR HAD EXPORTED TO VIETNAM IN 1977 BUT IT HAD NOT EVEN RECEIVED AN INQUIRY THIS YEAR. COMPANY HAD A JOINT VENTURE PROJECT IN SOUTH VIETNAM UNDER GVN, BUT HAD HEARD NOTHING AS TO WHAT MAY REMAIN OF THIS ESTABLISHMENT.

- B) SENIOR JAPAN PETROLEUM DEVELOPMENT CORPORATION OFFICER MATSUZAWA INFORMED US THAT HIS COMPANY HAD PROMISED TO PARTICIPATE IN BIDDING ON CERTAIN CONCESSION OR CONCESSIONS IN COOPERATION WITH FRENCH INTERESTS. HE GAVE NO FURTHER DETAILS.

- C) GOJ OFFICIALS NOTE THAT SINCE VIETNAM REMAINS SHORT OF FOREIGN CURRENCY SHE NEEDS TO BORROW MONEY, EITHER THROUGH CONSORTIUM LOAN FOR THROUGH EX-IM BANK LOAN FOR IMPORTS. LATTER, THEY ADDED, ARE MORE ATTRACTIVE TO VIETNAM. EX-IM BANK LOANS NORMALLY ARE AVAILABLE FOR EXPORT CONTRACTS ON WHICH MITI IS WILLING TO PROVIDE EXPORT INSURANCE. (WE GATHER FROM MITI THAT VIETNAM IS NOT ON INELIGIBLE LIST FOR EXPORT INSURANCE DESPITE ITS WEAK FOREIGN EXCHANGE POSITION. MITI INDICATED THAT APPLICATIONS FOR SUCH INSURANCE WOULD BE TREATED, CAUTIOUSLY, ON A CASE-BY-CASE BASIS.)

- D) BOTH SIDES AGREED DURING KEIDANREN MISSION THAT THEY SHARE AIM OF LASTING GROWTH IN TRADE AS WELL AS IN ECONOMIC AND TECHNICAL COOPERATION BETWEEN JAPAN AND VIETNAM, WHICH WOULD IMPLY CONSIDERABLE EXCHANGE OF INFORMATION AND PERSONS. NEVERTHELESS KEIDANREN

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VISITORS INDICATED TO US AND TO PRESS THAT
JAPAN-VIETNAM ECONOMIC RELATIONS, SO SOON AFTER
SETTLEMENT OF DEBT ISSUE, REMAIN AT EARLY STAGE OF
DEVELOPMENT AND THAT VIETNAMESE ARE RESPONDING TO
JAPANESE OVERTURES WITH RESERVE. MANSFIELD

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